

OD&E 0221-83

16 February 1983

MEMORANDUM FOR: Deputy Director for Science and Technology

FROM: Robert J. Kohler
Director of Development and Engineering

SUBJECT: Performance Appraisals (U)

REFERENCES: A.
B. DDS&T Notice No. 303, dtd 24 Jan 1983

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1. At some risk to my physical well-being, I wish to offer you some thoughts relative to the Subject. While Refs. A and B can be agreed to in a philosophical sense, they are not terribly helpful to front-line supervisors. It is easy to issue regulations; it is difficult to interpret them, much less enforce them in an arena so full of subjectivity as an employee's performance appraisal. (U)

2. It is not that I disagree with the fundamental contention that we must evaluate our employees' performance honestly, grade them honestly and give them completely honest feedback relative to performance. Such philosophy is fundamental to any decent personnel management system. There are, however, some problems with the implementation of this philosophy. (U)

3. The "problem" cannot be fixed by decreeing that the majority of Agency employees are "4's," nor is it really in the Agency's best interest to do so. Over the years, one of the hallmarks of working for the Agency has been the belief that we are better than the rest, and in the main it is in fact true. One only needs to observe the anguish the DDA endures in dealing with GSA, the DDO's dismay at the intransigences of the State Department, and OD&E's rate of success vs. the usual DoD performance. A large measure of the Agency's success is directly attributable to the sense of elitism that we feel. We should, as senior Agency managers, foster this attitude, rather than attempt to force fit us all into some hypothetical bell curve.

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4. The hallmark of any successful organization is its care of its people. One of the main points of a recently published book on successful companies (In Search of Excellence) was that very successful companies nurture and praise their workers. They treat them with respect and make them feel like a part of the team. Neither Ref. A nor B are helpful in this regard and are in the direction of employee demotivation, not motivation. (U)

5. The person who is truly exceptional knows it, and nothing one writes in the performance appraisal is going to detract or help that in any particular way. My concern is that this Agency is populated, in the main, by very competent and dedicated employees, who are better for the most part than their counterparts in the rest of the Government, and that is how they see themselves. It is important to this Agency that they see themselves this way, as our productivity and accomplishment rests on the outstanding performance of our people. Both References, in effect, say that CIA management chooses not to recognize this fact, and further, that CIA management wishes to downgrade the employees of the "highest caliber," because the "average" employee is rated "much higher" than the "average" employee should be. This is pure hyperbole. How can an employee of the highest caliber be rated much higher than they should be? Agency management is sending the wrong message to its people. (U)

6. The real problem is not that we rate good people too high, but that we rate poor performers too high, and the intended actions (i.e., knock the good ones down) does not fix this problem. In management school, they teach you that one should solve the real problem, not the apparent one. If poor performance were rated fairly and honestly, there would not be a great concern that good performers were being rated "too high." What is likely to happen, however, is that poor performers will continue to be rated too high, while good performers will be rated lower, collapsing the differences between existing ratings and hurting, not helping, the process of truly evaluating our employees. If Personnel wants to fix this problem, the focus needs to be on training supervisors on the importance of honest feedback to poor performers. (U) ✓

7. The Agency has an additional, very practical problem with the current system. When the conversion was made from the old U, M, P, S, O System to the numerical system, employees (and supervisors, frankly) converted from the top down; i.e., 7 = O, 6 = S, 5 = P, 4 = M, and 3 = U. This perception has been solidified now, in many performance appraisals. The point is, that to tell the majority of employees they are now a "4," to them, means they are marginal. Memos and Headquarters Notices will not correct this perception on the part of Agency employees. (U)

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8. Another problem is caused by the scale itself. Individuals' performance simply cannot be so fine-tuned and evaluated, so as to be gradable on a scale of 1 to 7. Can one quantitatively distinguish between a 6 and 7 level of performance? Or between 5 and 6? I think not. The result is that when there is a doubt, the supervisor will give a higher, rather than a lower, score. This, by the way, is exactly what the supervisor should do. Nothing helps output more than employees who are well motivated, and motivation comes in part from praise and being recognized for work well done. Further, does this Agency hurt when true "4's" (if one can define that) are called "5's?" Or when the "5's" are called "6's?" The answer is no. When this Agency hurts is when true "2's" and "3's" are called "4's" and "5's." Neither Reference solves that problem, and, as I have said, that is the crux of the issue. It would help considerably if the Agency scaled its rating system back to one with far fewer levels of performance, allowing much clearer judgement as to the true performance of its employees. This, by the way, is the normal process in industry. (U)

9. Our employees are what this Agency is. We are nothing without them. They deserve care, feeding, motivation and any kind of reward we can give them. Unfortunately, [] comes across the wrong way; i.e.,:

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a. "In an effort to halt this upward escalation of ratings;" in other words, "You are all overrated; you are not as good as you are being told or think."

b. Upward escalation of ratings "works to the detriment of the Agency and all of us." This sure isn't clear. How is the Agency hurting? I certainly don't feel hurt. When we are hurt is when poor performers are overrated, not when good ones are.

c. "This results in unrealistic evaluations and unrealistic expectations, and has the harmful effect of diluting all the rating levels, rendering them meaningless." What hyperbole. Does rating a person performing at level 5 as a "6" produce an unrealistic evaluation that is rendered meaningless? Of course not. I truly believe that most of the people in the Agency rated at level 7 are in fact very good. I doubt that there are many people who deserve a 4 who are rated a 7.

(U)

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10. We have gotten carried away with the numerosis of the rating process and have apparently concluded that it is the fundamental cornerstone of our personnel management system. This is a very unfortunate set of circumstances and does not bode well for effective management of CIA employees. (U)



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ROUTING AND RECORD SHEET

SUBJECT: (Optional)
Performance Appraisals (U)

FROM: D/OD&E

NO.

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DATE

16 February 1983

TO: (Officer designation, room number, and building)

DATE

OFFICER'S
INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

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1. DD/S&T

[Handwritten signature]

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DCI
EXEC
REG

ROUTING AND TRANSMITTAL SLIP

TO: (Name, office symbol, room number, building, Agency/Post)	Initials	Date
1. EA-DIPUS	<i>[Signature]</i>	
2. DIPUS : 18 MAR 1983 ✓		
3. DIPUS - Very good		MAR 1983
4. Memo - We need to resolve this type of conflict		
5.		

Action	File	Note and Return
Approval	For Clearance	Per Conversation
As Requested	For Correction	Prepare Reply
Circulate	For Your Information	See Me
Comment	Investigate	Signature
Coordination	Justify	

REMARKS

I'm with Kohler
RD

1-PA+E

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FROM: (Name, org. symbol, Agency/Post)	Room No.—Bldg.
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TRANSMITTAL SLIP		DATE 07 MAR 1982
TO: Director of Personnel		
ROOM NO.	BUILDING	
REMARKS:		
FROM: DDCI		
ROOM NO.	BUILDING	EXTENSION

FORM NO. 241
1 FEB 55

REPLACES FORM 36-8
WHICH MAY BE USED.

(47)



Central Intelligence Agency
Office of the Deputy Director for Science & Technology

Handwritten initials "JHC" and "LWW"

28 Feb 83

EXDIR



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I thought you would be
interested in reading the
attached.

Evan Hineman

Central Intelligence Agency
Washington, D.C. 20505

3 March 1983

Executive Director

NOTE FOR THE DDCI
DCI

- ° This, from one of our brightest guys, says, much better, what I have been trying to say about fostering esprit by reducing as much internal self-imposed frustration as possible.
- ° One specific is the PAR. Bob's point concerning the recent explanation for a shift in rating philosophy is worth noting.



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*Sent to
Herman*